

FISCAL NOTE

Bill #: HB0026

Title: Warm water game fish stamp to support Fort Peck hatchery

Primary

Sponsor: Sam Kitzenberg

Status: As introduced

Sponsor: _____ Date _____

Dave Lewis, Budget Director _____ Date _____

Fiscal Summary

	<u>FY2000 Difference</u>	<u>FY2001 Difference</u>
Expenditures:		
General Fund	33,755	0
State Special Revenue	14,400	14,400
Revenue:		
State Special Revenue	482,500	482,500
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

Fiscal Analysis

ASSUMPTIONS:

Fish, Wildlife & Parks

1. Based on a 1993 preference survey, approximately 33% of resident anglers prefer to fish waters with warm water fish or waters that contain both warm and cold water species. These resident anglers would purchase the warm water game fish stamp (WWGFS).
2. The new stamp would not experience significant buyer resistance and would be purchased every year by 33% of resident anglers.

(continued)

3. Costs to redesign the fishing license and distribute the WWGFS would be minimal and would be absorbed within the current agency budget.
4. Printing expenditures are estimated to be \$120 per 1,000 stamps (120,000 stamps x .120 = \$14,400).
5. The 1997 fishing license sales are valid sales figures to use for these comparable computations. The 1997 fishing license sales are as follows:

Resident Fishing Licenses	=	170,000 @33%	=	56,100
Non-resident Season Fishing	=	29,000 @20%	=	5,800
Non-resident 2-day Fishing	=	173,000 @ 20%	=	34,600
Total Sales	=	372,000	=	96,500

Secretary of State

6. For purposes of CI-75 and submitting HB 26 to the electorate, this issue is only one of many likely to be submitted. Therefore, the impact presented in the fiscal note is only for the “extra” (marginal) cost which would be incurred by the state in preparing a Voter Information Packet (VIP) for the specific issue contained in the proposed bill. The VIP circulation is 525,000.
7. HB 26 will require at least six pages of explanation to be printed in the VIP at .00236 cents per page for a total cost of \$7,434. (6 x .00236 x 525,000 = \$7,434)
8. Although the Secretary of State does not have a general fund budget, the cost of submitting these issues to the electorate will be supported with general fund. In the event the HB 26 surcharge is adopted, thereby generating the proposed state special revenue, the general fund would be reimbursed the \$7,434 cost of the ballot issue.
9. The Secretary of State will maintain records of the marginal cost for each ballot issue and notify agencies of the general fund reimbursement due after the election.
10. Although counties also will incur a cost for distribution of the VIP, funding will be distributed to the counties by the Secretary of State for this purpose. In the event the HB 26 surcharge is adopted, thereby generating the proposed state special revenue, the general fund would be reimbursed the \$26,321 cost of distributing the VIP regarding this ballot issue.
11. For purposes of the general fund balance in the Fiscal Summary on page 1, it is assumed the HB 26 issue is adopted by the voters.

FISCAL IMPACT:

Fish, Wildlife & Parks	<u>FY2000</u>	<u>FY2001</u>
	<u>Difference</u>	<u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$14,400	\$14,400
<u>Funding:</u>		
State Special Revenue (02)	\$14,400	\$14,400
<u>Revenues:</u>		
State Special Revenue (02)	482,500	482,500

Net Impact to Fund Balance (Revenue minus Expenditure):

(continued)

State Special Revenue (02)	434,345	468,100
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Secretary of State

Expenditures:

Operating Expenses	\$7,434	\$0
Transfer to Counties	<u>26,321</u>	<u>0</u>
TOTAL	\$33,755	\$0

Funding:

General Fund (01)	\$33,755	<u>0</u>
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TECHNICAL NOTES:

Fish, Wildlife & Parks

1. The bill proposes a cost-share agreement with the federal government for construction of this hatchery. DFWP has not had any discussion nor reached any agreements with the federal government on this issue.
2. Based on the estimated costs to build the hatchery (HB0020), this revenue source is insufficient to build and operate the fish hatchery in the near future.
3. Section 1 (2) states that a warm water game fish stamp expires at the same time as the license to which it is affixed. This would require non-residents who purchase multiple two-day licenses to purchase multiple warm water fish stamps.
4. Section 1 (5b&c) state that a state special revenue fund be established for the proceeds of the stamp and all monies received in the form of gifts, grants or apportionments from any source. Federal grants or apportionments can not be placed in a state special revenue account.

Secretary of State

5. Upon passage and approval of the HB 26 ballot issue by the electorate, the Secretary of State would bill FWP \$7,434 for its proportionate share of the VIP and \$26,321 for its proportionate share of the distribution costs incurred by the counties to be paid from the new state special revenue created by approval.
6. If the ballot issue were not approved, the general fund appropriated in HB2 would bear the cost.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

CI -75: For HB 26, the mailing costs of the VIP and the extra item on the ballot would be marginal costs. Assuming 6 pages for this issue at .008356 per page distributed to 525,000 addresses, counties would incur a cost of \$26,321 in fiscal year 2000. See the Technical Note below.

TECHNICAL NOTES in consideration of CI-75

1. The costs presented for the HB 26 ballot issue will be included in a comprehensive analysis of the planned electorate vote(s) prior to the end of the session, based on all ballot issues adopted by the 56th Legislative Assembly.

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2. When considering the comprehensive costs of an electorate vote, any costs greater than \$194,203 which are distributed to the counties must be funded by the legislature (1-2-112, MCA).
3. For FY 2000, a statewide election would have a base cost of \$690,000 for the counties and \$46,987 for the state for total general fund of \$736,987. General fund will be appropriated in HB2 to the Secretary of State for this statewide base cost and all the cumulative per-ballot-issue marginal costs at the end of the session.
4. In FY 2001, a tax election would be combined with a general election and would, therefore, require only marginal costs for ballot issues.

DEDICATION OF REVENUE:

- a) Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)

No, the anglers who purchase the warm water fish stamp are the anglers that will benefit from the warm water fish hatchery.

- b) What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?

Warm water fisheries stamp license revenue has been earmarked in HB 26 (1999 session) for a specific purpose. In order to provide appropriate accountability to our users, a separate special revenue account is needed.

- c) Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? ____Yes X No (if no, explain)

The source of revenue is relevant to the current use but does not appear to be adequate to fund the program activity as intended.

- d) Does the need for this state special revenue provision still exist? ____Yes ____No (Explain)

NA

- e) Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)

The dedicated revenue should not effect the legislature's ability to scrutinize budgets, control expenditures or establish priorities for state spending except that the license revenue has been dedicated for a particular purpose.

- f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)

If the legislature passes HB 20 (Multi-species fish hatchery at Fort Peck), this dedicated revenue will fulfill a legislatively recognized need.

- g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

Auditing efficiencies include a clear audit trail to support the non-diversion clause of state and federal statutes. It also provides appropriate and efficient accountability to our users.

Accounting for FWP license activity in the general fund would be very inefficient and due to the diversion requirements, would not provide the legislature with additional flexibility to “scrutinize budgets, control expenditures and establish priorities for state spending.”